



July 20, 2016

Andrew M. Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

Dear Mr. Slavitt:

On behalf of our 130 hospitals and health systems, the North Carolina Hospital Association (NCHA) appreciates the opportunity to comment on the North Carolina Medicaid Reform Demonstration. This demonstration will have a significant impact on NCHA and our member hospitals and health systems.

We would like to acknowledge the North Carolina Department of Health and Human Services' outreach to providers and others for feedback on the Medicaid Reform Demonstration proposal. The Department has been actively engaged with stakeholders in developing the plan.

NCHA supports the public and private safety net hospital payments. NCHA supports the proposal that allows direct payment of uncompensated care pools to Medicaid safety net hospitals. Uncompensated care payments to safety net hospitals are imperative to ensure the stability of hospitals and access to care during the transition to risk-based managed care. We believe that the elimination of these payments will drastically affect the hospitals and health systems ability to treat Medicaid patients and ultimately access to care for the Medicaid population.

NCHA supports allowing Provider Led Entities (PLEs) to assume responsibility for Medicaid recipients in their geographic region. NCHA supports the proposal that contracts with Prepaid Health Plans (PHPs) include regional contracts with PLEs. NCHA also supports the definition of a PLE as clarified in North Carolina Session Law 2015-245. Providers in North Carolina already assume responsibility for providing care to Medicaid recipients and believe that a PHP contract with a PLE will allow providers the flexibility to use innovative approaches to accomplish the objectives of the Medicaid and Children's Health Insurance Programs.

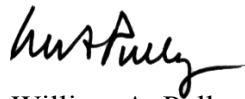
NCHA supports the preservation of Community Care of North Carolina (CCNC) and the patient-centered medical home model. NCHA recognizes the success of the innovative patient-centered medical home model adopted by CCNC in 1998. As a result of the successes incurred by CCNC, many other States have proposed similar care management models. NCHA believes that there will be significant consequences to the Medicaid system, PHPs, and patients if the current care management infrastructure is abandoned.

NCHA opposes that Intellectual and/or Developmental Disability services continue to be provided through North Carolina's Local Management Entity-Managed Care Organizations (LME-MCOs). NCHA believes that a model of care integrating physical and behavioral health under a single waiver is the best model for the Medicaid patient. Responsibility of these patients and the financial incentives should be incorporated in the waiver. Hospitals and health systems believe that a single point of care in integrated financing will enhance care coordination and patient outcomes.

NCHA supports the continued payment of Graduate Medical Education (GME) as provided under the Medicaid state plan authority. North Carolina, like many states, has seen a shortage in physicians, especially in rural areas. We believe that the continued payment of GME to hospitals and health systems in accordance with the Medicaid State Plan Authority will help ensure that appropriate access to care is available for Medicaid recipients and all North Carolinians.

Thank you for this opportunity to comment. If you have any questions, please contact Bill Pully (wpully@ncha.org; 919-677-4221), Linwood Jones, General Counsel (ljones@ncha.org; 919-677-4227) or Jeff Weegar, Vice President of Financial Policy (jweegar@ncha.org; 919-677-4231).

Sincerely,

A handwritten signature in black ink, appearing to read "W. A. Pully", with a stylized flourish at the end.

William A. Pully, President
North Carolina Hospital Association